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30 July 1959

CURRENT INTELLIGENCE WEEKLY SUMMARY



DOCUMENT NO. 11
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NEXT REVIEW DATE: 1989
AUTH: MR 70-2
DATE: 14 Aug 79 REVIEWER:

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PART I

OF IMMEDIATE INTEREST

EAST-WEST NEGOTIATIONS

The Soviet leaders appear to be less hopeful about drawing further concessions from the Western foreign ministers on the issue of the form of all-German negotiations. They may have decided to allow the Geneva talks to terminate without making any important changes in their position and to press for an early summit conference.

In his speech in Dnepropetrovsk on 28 July, Khrushchev said the "time has come" for the heads of the government to tackle "complex unsettled international issues." He made a perfunctory call for "fresh efforts" by the foreign ministers to reach agreement "on what they can agree upon," but contended that "the other, more difficult matters...will be considered by the heads of government."

Khrushchev said the USSR does not share the "unjustifiably pessimistic estimates" of prospects at Geneva made by "some Western leaders" and contended the foreign ministers have already accomplished some "positive work." He claimed that all "misunderstandings" have been eliminated regarding the "term" of the proposed agreement on Berlin and an all-German committee and stressed again that the time limit is not of "paramount importance." The Soviet premier continued to insist, however, on linking the creation of an all-German committee to an interim settlement on Berlin and reiterated previous statements that the USSR will not underwrite any agreement which perpetuates

the occupation regime in West Berlin.

The paper Gromyko handed the Western ministers on 28 July contained no important modifications in Soviet proposals on Berlin and all-German talks. It is unlikely that the USSR would agree to an interim Berlin settlement if the West rejects all-German negotiations. Gromyko may propose that the foreign ministers prepare a document setting forth their differences and agree on a date for a summit meeting.

Soviet officials continue efforts to enhance East Germany's status through a continued role in negotiations.

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Nixon Visit

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While the Soviet leaders probably did not expect any major change in the Western position, they may

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consider that the visit has furthered the USSR's posture as advocate of peaceful negotiations and advanced prospects for an early summit meeting, and possibly for a Khrushchev visit to the United States. The visit has been accorded prominent and substantial Soviet news coverage.

Khrushchev Visit to US

In what appears to be a calculated campaign, Soviet officials and newsmen in several cities have hinted that Khrushchev would be delighted to receive an invitation to visit the United States. The Soviet chargé d'affaires in Paris on 20 July told an American official that he very much hopes Vice President Nixon's visit to the USSR may furnish the occasion for an invitation from President Eisenhower to Khrushchev. He suggested that Nixon might extend this invitation when sending thanks for his reception in the USSR and added that such a visit would be far more profitable than a summit meeting, where the different attitudes of the British and French would not contribute to settling problems.

"Captive Nations Week"

The bloc reaction to the Congressional resolution and the President's proclamation for a week of prayer for the enslaved peoples of Eastern Europe reflects the Soviet leaders' extreme sensitivity to any official Western reference to the subjugation of the Communist nations. They exhibited particular irritation over its coincidence with the Nixon visit. Khrushchev set the tone for the reaction in a speech on his return from Poland in which he termed the American action

"direct interference" in Soviet affairs and an "infamous slander." The Polish press voiced regret that circles attempting to sharpen the cold war had drawn the President into the affair. Khrushchev made frequent references to the "captive peoples" while touring with the vice president in Moscow, and also in his 28 July speech in the Ukraine.

Nuclear Talks

The Soviet delegation at Geneva continues to press for discussion of its annual-inspection quota proposal, and is attempting to play down any other East-West differences in the way of a nuclear test cessation agreement. On 24 July the chief Soviet delegate expressed satisfaction with what he termed a "significant rapprochement of positions" on control-post staffing.

Using the figure of 30 specialists at each post given by the West as an example in presenting its new proposal for one third Western, one third Soviet, and one third from nonnuclear countries, he claimed that Moscow could accept the "ten specialists" from the other side which the West was proposing, and therefore had brought its position in line with Western desires. He charged, however, that the addition of specialists from nonnuclear countries, which have not even asked to be represented, would not be in accordance with the principle of "mutual control" by the three powers. He said that if the West would drop this part of its proposal, "artificially introduced into the conference," Moscow would allow two or three of the ten Western representatives to be from nonnuclear

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countries if desired. He also declared that the USSR would "give up" two or three of its ten places to representatives of neutral countries.

On 28 July the Soviet delegation promised to study a Western draft for a preparatory commission to function until the control commission becomes operative.

West German Views

Bonn political leaders expect an early climax to the foreign ministers' conference and fear that domestic pressures may make it impossible for the Western powers, particularly London, to break off the conference over Moscow's demand for an all-German commission. Chancellor Adenauer adamantly opposes such a commission, and Bonn plans to fight against acceptance of it, possibly even to the point of refusing to participate.

Bonn has been considering a move to counteract continued Soviet propaganda that West Germany is the main obstacle to a settlement. The government evidently intends to keep alive a plan which Foreign Minister Brentano revived at the cabinet meeting on 22 July for Bonn to offer Poland and Czechoslovakia nonaggression pacts and to renounce the use of force in the settlement of boundary disputes. Brentano argued that although this could lead to diplomatic recognition, Warsaw and Prague, without a specific renunciation of the German eastern territories, would reject

such a move. Although the cabinet at first rejected the proposal on the grounds that Poland might accept it as a basis for negotiations and later claim Bonn should renounce the territories as proof of its good faith, government spokesmen have since announced the government's agreement "in principle." Bonn apparently intends to use hints of such a pact to determine Soviet bloc reaction, while refraining from making the actual proposal at Geneva.

West Berlin political leaders are more pessimistic than at any time since the crisis began last November. They are concerned that the Western powers may be forced to make concessions at Geneva, and would prefer a complete breakoff in the talks rather than any modification of the Western powers' proposals. They fear new East German harassment of access to the city. Western observers noted a marked decline in public morale following the conference recess on 20 June, but Secretary Herter's appearance in Berlin on 25 July may have bolstered spirits.

British Reaction

British press reporting has tended to dwell on the different attitudes of Foreign Secretary Lloyd and his allies at Geneva. Independent and Conservative papers reported on 24 July that Lloyd had made clear Britain's satisfaction with Gromyko's assurances that no unilateral action would be taken during the period of an interim agreement on Berlin.

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French Comment

Since the Geneva conference reconvened, the French non-Communist press has been notable for its relatively moderate tone and for the relatively limited space devoted to the talks. Emphasis has been on the unity of Allied ranks, and although the mention of fissures in the Western front is not completely absent, remarks critical of the

British have been subdued. Although the press has sought out elements in Soviet statements which might provide the basis for hope that the two sides were inching toward each other, the absence of reconciliation between the two sides has been highlighted, and responsibilities for the lack of progress has been generally attributed to Moscow. 25X1
(Concurred in by OSI)

MIDDLE EAST HIGHLIGHTS

Iraq

The Qasim regime has experienced a quiet week, with only minor clashes reported between Communists and anti-Communists since the Kirkuk troubles. Prime Minister Qasim was reported to be resting after his strenuous schedule during the revolution anniversary celebrations. However, he held a press conference on 29 July in which he vigorously denounced the "anarchists"--by implication Communists--who he said had fomented the recent disorders in Kirkuk and other provincial towns. He also warned the newspapers to curb their "news" of new plots and to halt their recriminations.

Baghdad authorities meanwhile continued quietly to take measures which have the effect of limiting Communist influence in the army and bureaucracy while they strengthen top control of the government apparatus. Major General Abdi, the military governor general who exercises over-all administrative authority because the

country is still legally under martial law, has banned the Communist-inspired "committees for the defense of the republic" which had acted as unofficial purge committees in various government departments.

UAR

In his major speech during Egypt's revolution anniversary celebration, Nasir delivered a lengthy apologia regarding his attitude toward Iraq. Although his remarks in general were conciliatory, he still put the blame on Qasim for coolness of UAR-Iraqi relations, and this is said to have ruffled the Iraqi leader again.

The UAR President put his main emphasis, however, on two other aspects--one was a lengthy interpretation of the significance and duties of the National Union, the regime's mass organization. It appears that the union in Nasir's mind is not a monolithic "party" in the Communist or fascist sense but a movement of the whole people which will find its most significant expression in practical

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works, such as community development and agricultural improvement projects on the village level, rather than in political activity.

Nasir's other theme was the Israeli issue. He claims the UAR is ready for a new Israeli attack at any time, and revived the propaganda claims of 1956 that the Egyptian Army was not defeated, but merely withdrew in order to be better able to fight the British and French.

The revolutionary celebration and Nasir's speeches fall within a period appointed by Cairo for a "cultural seminar" for UAR students in the Soviet bloc which may be designed to reindoctrinate the students as well as to attempt to determine the extent to which Communist indoctrination has been successful. The authorities are not known to have decided yet whether to curtail their program of education in the bloc.

Israel

Nasir's blasts at Israel last week took the form of replies to a speech by Moshe Dayan, the former commander of the Israeli Army who has entered politics under the wing of Prime Minister Ben-Gurion. The Dayan thesis appears to be that Israel should adopt a more actively tough policy, returning UAR "hostility" in kind.

This statement may well have been a trial balloon for some new policy determination by the Israeli Government, since Tel Aviv has officially indicated that a "reconsideration" of the UAR position on the Suez Canal issue is under way. While the Israelis had previously indicated that the canal itself

was not of major economic importance to them, they now talk of the delays and inconveniences experienced by their Asian customers as a result of the UAR's actions and of the more serious effects these actions have on their over-all position.

Dayan's speech sounded like a menace to Cairo, and the current Israeli diplomatic line will probably confirm this impression as will indications that Israel intends to launch an international publicity campaign to block the UAR from obtaining a World Bank loan for Suez Canal development.

Israeli Army summer maneuvers, which reportedly involved some 35,000 men, are scheduled to conclude with an air defense exercise during the first week of August. They involved mobilization practices and ground-air cooperation as well as this exercise.

Lebanon

Public order in Lebanon, which is always somewhat precarious, received another blow this week with the assassination of Naim Mughabghab, a top aide of former President Chamoun.

The murder of Mughabghab, apparently at the hands of anti-Chamoun Druze, follows a recent increase in the number of incidents of violence in Lebanon, and has set off further shootings and unrest, particularly in the Christian community.

How much political capital will be made from the affair

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depends on Chamoun, who has been gathering his forces to attempt a political comeback. So far all political groups, Moslem as well as Christian, have condemned the killing, and the Lebanese Government is seeking to minimize its impact by censorship of the press and by stringent security measures to prevent revenge missions.

in conspiracy against the Abboud government has concluded in Khartoum, but no sentences have yet been announced. Political tension remains fairly high among civilian as well as military groups.

Former Premier Azhari has confirmed that plans are being made for a return to ostensible civilian government, presumably with the cooperation of the top army command. The commanders would assume the functions of the former Supreme Council of State, while civilians would man the cabinet posts. Such plans do not seem likely to jell, however, at least until after Abboud has brought the military under firmer control.

Sudan

The trial of a third high officer accused of participation

SITUATION IN LAOS

The renewal of Communist partisan attacks on Laotian Army outposts in Sam Neua Province is designed to create international pressures for the return of the Geneva truce commission to Laos. The Communists insist that Laotian neutrality, which they assert was promised by the 1954 Geneva agreements, has been undermined by various acts of the Phoui Sananikone government. Simultaneous with the partisan attacks, the bloc has unleashed a heavy propaganda campaign charging that the introduction of American military training personnel--now arriving in Laos--is a "crude violation" of the Geneva agreements.

Both Peiping and Hanoi have accused Vientiane of trying to "expand the civil war in Laos" and state that the Laotian Government seems willing

to allow the country to be transformed into a military base for American aggression. On 27 July the North Vietnamese Foreign Ministry issued a statement demanding that Vientiane expel American military advisers, return to the five principles of peace and coexistence, and allow the return of the International Control Commission (ICC) to make an impartial investigation of the situation--a proposal also urged by Moscow.

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Paratroop and infantry reinforcements are being rushed to Sam Neua Province, where the government's position has deteriorated rapidly in the past ten days. The two battalions normally stationed there are widely scattered and many small units apparently have been pinned down and isolated by guerrilla forces and several outposts lost. The situation is confused, but a broad arc to

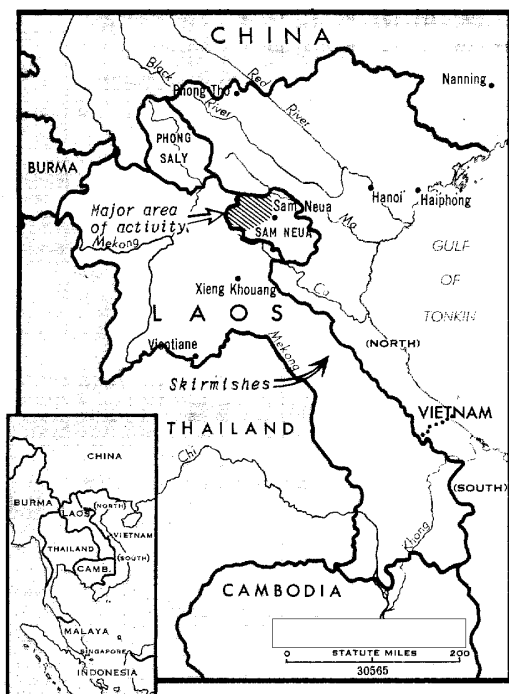
around the town of Sam Neua and Communist partisans reportedly are infiltrating the area.

Antigovernment forces in the province number perhaps 1,000. They apparently comprise pro-Communist local tribesmen, augmented by company-size units of the former Communist Pathet Lao, and possibly some Vietnamese Communist cadres. The rugged terrain favors the enemy, and the nearby frontier facilitates covert support from North Vietnam. In a 29 July communiqué, Laos openly charged North Vietnam with complicity in the current fighting.

At least two incidents of harassing attacks on army six-man "civic action teams" have occurred in two provinces in central Laos. These may be designed to forestall additional reinforcements for the north. The military commander in central Laos views the situation there as such that he cannot spare any of his troops at present.

Laotian officials view the over-all situation as "grave," but do not believe the present fighting heralds full-scale civil war throughout Laos. Premier Phoui believes the enemy's primary purpose is to take possession of Sam Neua, and later Phong Saly Province, both Pathet Lao strongholds prior to the unification settlement with the government in November 1957. In addition to the international implications, the attacks may have the aims of forestalling the government's increasing efforts to combat Communist influence at the grass roots and disrupting the army's new training program.

The government's announced intention, however, to prosecute



the West of Sam Neua apparently is in enemy hands and the provincial capital itself is reported under threat of attack. Loss of the airfield at Sam Neua would cut off the government's principal means of access to this remote province.

Panic has struck the town and a general exodus of inhabitants and government officials is taking place by air and on foot. There are no check points

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the leaders of the Laotian Communist-front organization, the Neo Lao Hak Zat (NLHZ), for collaboration with "foreigners" could trigger a general return to the bush of former members of the Pathet Lao. NLHZ chief Prince Souphannouvong--who together with nine other top

leaders of the party has been arrested in Vientiane--earlier this month threatened a resumption of civil war unless the government ceased its persecution of the NHLZ, which he stressed enjoyed "solid foreign" support.

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PART II

NOTES AND COMMENTS

TOP CHINESE LEADERS MAY BE REVIEWING BASIC POLICY

Only five members of Communist China's 26-man party politburo have been reported in Peiping during the past month, which suggests that the top leadership has been meeting outside the capital for a basic policy review. Mao Tse-tung has not been seen since 18 June, and Liu Shao-chi and Chou En-lai since 25 June. The request early in July by a Canadian member of parliament to see Mao, Liu, and Chou was rejected as "inconvenient because they are at a retreat in the mountains."

There has been some loss of momentum during 1959 in the "giant leap forward" and the commune campaign. The regime seems to be backing away from extravagant 1959 economic targets, especially in agriculture. Also Peiping has had considerable trouble with the communes and now is emphasizing more material incentives and a less rigidly controlled life for the overworked peasant members. Renewed attention is being given the country's economic difficulties.

A recent article by the Kwangtung Province party first secretary appears to be defending Mao against criticism of his "leap forward" and commune programs. The article states that "greatness" lies not in always being correct--which is impossible--but in continually uncovering new problems and changing policies accordingly. American officials in Hong Kong note that Mao is the only Chinese characterized as "great" in the mainland press.

A meeting of the politburo could have been held during the last week in June, when all of

the members were apparently absent from Peiping. One, Li Hsien-nien, has since been reported in Shanghai presiding over an agricultural conference. His appearance there suggests that some of the leaders now may be explaining the regime's domestic policies at the regional level.

A discussion of foreign policy also may be linked to a top-level conference. Peiping's ambassadors to India, Pakistan, Cambodia, Indonesia, and the UAR and its chargé in Yemen have been reported returning to China since early June. The Chinese Communist ambassadors to Burma and the USSR are absent from their posts, suggesting they too have returned.

Foreign policy talks now would probably seek to apprise Chinese leadership of internal developments in the countries to which the ambassadors are accredited and to assess the degree of damage done to Peiping's prestige by 1958's truculent policy and by suppression of the Tibetan revolt. Last winter, Peiping indicated its basic policy is still to "isolate the United States" and improve Communist China's international standing, and that a less bellicose attitude would be adopted toward certain Western nations and the uncommitted Asians.

A recent acrimonious note to Pakistan and the recriminations exchanged with India and the UAR suggest, however, that the protection of its own interests will not be sacrificed to the pursuit of friendship.

While the situation in the Taiwan Strait would almost

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certainly be discussed at any conference of the Chinese leadership, [redacted]

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KHRUSHCHEV PUBLICLY CRITICIZES COMMUNES

Khrushchev has again expressed disapproval of the commune system despite the Chinese Communist regime's continuing commitment to that form of organization and despite the fact that differences on this issue have been an irritant to Sino-Soviet relations in the past. The Soviet premier's latest disparagement, during his recent tour of Poland, was made publicly and has been carried in the Polish and Soviet press, whereas his earlier comments were made in a private interview with Senator Humphrey.

Addressing a meeting at a collective farm near Poznan on 18 July, Khrushchev recalled that efforts had been made to set up agricultural communes in the Soviet Union in the early 1920s but that "nothing came of many of these communes." Tracing their failure to the absence of the necessary material and political conditions, Khrushchev concluded that the sponsors of the movement "had a poor understanding of what Communism is and how it is to be built." In the setting and context, it is probable that Khrushchev's remarks were intended primarily to reassure Polish peasants against hasty socialization of agriculture, but this renewed criticism of the commune is not likely to set well with the Chinese Communists.

Khrushchev had expressed himself in similar terms in his meeting with Senator Humphrey last December. The Chinese communes, Khrushchev said, were "old-fashioned, reactionary, and impractical" because they ignored the principle of incentives as a spur to production. Following publication of Humphrey's account of the interview, Peiping reportedly protested to Moscow, and at the 21st party congress in January, Khrushchev disavowed his statements, alleging that they had been fabricated.

Since late last year, Peiping has retreated from its extreme ideological claims. The Chinese "transition to Communism" has been put off; the principle of free supply has been drastically altered in favor of Khrushchev's "material incentives"; and the assertion that the commune is "the basic form for the future Communist society" is muted. The Chinese have repeatedly stressed, moreover, that their commune is specifically tailored to Chinese conditions. Soviet media subsequently carried several mildly favorable reports on the communes. However, these have appeared mostly in media which reach non-bloc audiences, and they have consistently pointed out that the commune's advantages are limited to "Chinese conditions."

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Khrushchev's Poznan speech has not been reported by the Chinese. Peiping's propaganda continues to praise Soviet achievements--from which the "Chinese must earnestly learn" --and to affirm Moscow's leadership of the bloc. Peiping has shown that it prefers a picture of Sino-Soviet unity unmarred by public debate on the commune. However, the Chinese leadership is certain to take Khrushchev's

Poznan remarks as criticism, which is especially to be resented in view of Peiping's efforts to accommodate itself to Moscow's disapproval of the communes. Peiping can be expected to renew its protest to Moscow, insisting, at the least, that future criticisms of Chinese policies be expressed privately rather than in a public forum.

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YUGOSLAVIA'S DISPUTE WITH SOVIET BLOC

The dispute between Yugoslavia and the Soviet bloc has resumed much of its original character despite the tactical maneuvering which followed Khrushchev's visits to Albania and Hungary during late May and early June. Recent unconfirmed reports of a future meeting between Khrushchev and Tito seem unfounded, since neither side is willing to make concessions to achieve a rapprochement or even a stable detente.

no change of attitudes is likely while Khrushchev and Tito are in power.

A change was noted, too, in Yugoslavia's economic relations with the USSR, and early this month Belgrade opened negotiations with Moscow over the developmental credits granted by the USSR in 1956 and suspended in 1958. At the one session to date, the Yugoslavs presented a claim for damages to their economy caused by the suspension. Officials on both sides doubt that any significant part of the credits will be rescheduled or that the talks will be continued at a higher level.

Belgrade also charged that Moscow has violated its trade agreement by refusing to sell wheat at market prices

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Belgrade expects to be treated on the same favorable trade terms as bloc members. The Yugoslavs, for example, sought Russian wheat at the same price set for the Albanians.

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Moscow apparently does not feel it has to bargain for Yugoslav foreign policy support because Belgrade's "socialist pretensions" already force it

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to assume positions fairly close to those of Moscow. Belgrade, on the other hand, holds the Kremlin directly responsible for the satellites' daily attacks and publicly proclaims that this bad faith toward Yugoslavia casts doubt on the USSR's pose as the prime protector of world peace.

Belgrade is apparently reinforced in its intransigence by the belief, [redacted] that international and internal bloc developments are forcing Khrushchev closer and closer to Yugoslavia's revisionism. It will probably interpret Khrushchev's endorsement of Poland's agricultural program as evidence of the accuracy of this belief.

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THE INTER-AMERICAN MEETING OF FOREIGN MINISTERS

The foreign ministers of the 21 American republics will convene in Santiago, Chile, on 12 August to discuss threats of war in the Caribbean arising mainly from efforts by Cuba and Venezuela to "liberate" the peoples under dictatorships. This dispute has endangered the effectiveness of the Organization of American States (OAS) and confidence in its collective security system.

The meeting grows out of Dominican dictator Trujillo's complaint against Cuba and Venezuela for complicity in three small rebel landings in the Dominican Republic and his request on 2 July that the OAS put into effect the consultations called for under the Inter-American Treaty of Reciprocal Assistance. Before the request came to a vote, the various OAS delegations made it clear that widespread hatred for Trujillo in their countries would make it impossible to vote for consultations regarding Cuban and Venezuelan intervention, regardless of the facts of the matter. Paradoxically, this position is a reversal of the customarily adamant Latin American insistence on the principle of nonintervention.

As an alternative, the OAS Council called the meeting in Santiago to consider political tensions in the Caribbean, which

threaten such countries as Haiti and Nicaragua, as well as the Dominican Republic. Avoiding specific charges, the brief draft agenda for the meeting emphasizes: 1) consideration of Caribbean tensions in the light of principles and standards which govern the inter-American system, 2) effective observance of the principles of nonintervention and nonaggression, 3) the effective exercise of representative democracy and respect for human rights, and 4) the "perfection" of inter-American instruments and procedures to help maintain peace.

Several officials have already expressed pessimism about its results. The debate will probably be acrid and complicated by other issues. Cuba, for example, wants to stress economic problems as the Caribbean's worst ill; on 28 July Foreign Minister Roa said Cuba might boycott the meeting if economic problems are not included in the agenda. Venezuela, which enjoys high prestige in the hemisphere as a genuinely democratic government, is already campaigning for the ouster of the Dominican Republic from the OAS.

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HEMISPHERE REACTIONS TO THE CASTRO REGIME

While Fidel Castro's strong hold over the Cuban masses was again demonstrated in the 26 July celebrations in Havana, the overwhelming public approval of him reflected in the press of most Latin American countries when he overthrew the Batista dictatorship last January has gradually turned to disillusionment. His authoritarian maneuver of 17 July forcing President Urrutia's ouster is regarded by many leading newspapers elsewhere in the hemisphere as a clear indication of Castro's dictatorial tendencies. Argentine observers now liken him to former dictator Juan Peron.

The important left-of-center Argentine newspaper *Razon*, bitterly critical of Castro's demagoguery and totalitarianism, called him a "great disappointment for the democrats of the continent." Another Argentine paper likened Castro's 17 July resignation maneuver to "Peron's grandiose show of renunciation" in 1955 when he withdrew his "resignation" before a giant labor rally.

A Colombian paper called Castro "lord and master of the island which he governs with the methods rejected by Christian peoples," and the Peruvian Government paper commented: "This is not the first time that a

liberator...has developed a more oppressive dictatorship than the one deposed." Prominent Brazilian and Chilean press organs liken Castro to Dominican dictator Trujillo, Venezuela's ex-



Careful old buddy-- the Caribbean is very dangerous... It is infested with dictators.

--from *Topaze*, Santiago de Chile, 22 July 1959.

dictator Perez Jimenez, and to Batista and Peron. Mexican and Central American editorialists have also been critical of Castro, and their comments appear to reflect a genuine disillusionment of many who first

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looked on Castro's victory over Batista as a great step toward democratic government in the hemisphere.

There is also increasing concern in the Latin American

press over indications of Communist penetration of the Castro government. The hemisphere Communist newspapers are among Castro's most avid defenders.

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ARGENTINE MILITARY UNREST SUBSIDES

Argentine President Frondizi's appointment of Navy Secretary Clement on 26 July ended the near rebellion in the navy and promises to give him some respite from the sharp military pressures of the past two months. As in the case of the new army secretary, Clement has not been involved in the recent service quarrels and was selected by Frondizi to restore discipline and thereby discourage military efforts to dictate to Frondizi.

Frondizi was finally forced to replace former Secretary Estevez when top naval officers stated they would no longer follow Estevez' orders because he did not adequately represent navy views. The fleet returned to its main base from maneuvers to reinforce this stand. The majority of top admirals had tendered their resignations but at the same time had told subordinate units that the admirals, not Estevez, were in charge of the navy.

The new secretary, a respected retired officer, should be acceptable to the navy not only because of his background but also because he has not been involved in the recent service quarrels. He requested retirement in December 1954, participated in the anti-Peron revolution of September 1955,

and subsequently served in the provisional government.

Estevez' departure has already eased tension and, together with the earlier cabinet and service changes, reduces the area for effective exploitation by die-hard plotters. Army Secretary Anaya, a retired officer appointed on 1 July, continues to make a good impression in his similar problem of restoring discipline. The air force, since its bitter intraservice dispute in September 1958, has managed to keep out of the spotlight.

Apparently quieted temporarily by the military crises, Peronista and Communist labor leaders now have renewed their agitation for emergency wage increases to offset the rise in living costs, which have about doubled since Frondizi took office on 1 May 1958. The strike called by the Peronista-dominated metallurgical workers on 28 July resulted in running battles with the police and threats to try to promote a general strike. Bombings have also increased, although not necessarily because of the strike.

Anti-Peronista labor is also restive, but rejects the defiant and partly politically inspired tactics of the

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Peronista and Communist labor leaders. The latter announced in mid-June their intention to wage a joint campaign against austerity measures under the US-backed stabilization program.

This combination is believed to have contributed to the sharp drop in popular votes received by Frondizi's party--63 percent below 1958--in the

12 municipal elections in Santa Fe Province on 26 July. The number of blank ballots--mostly from the Peronistas--was larger than the vote of any single party. Some 10 percent of the total vote was received by the Communist party, which was allowed to participate despite Frondizi's April decree outlawing Communist political activities.

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FRANCE'S EXPECTATIONS OF AMERICAN NUCLEAR AID

France apparently expects that its first nuclear weapons test--now anticipated early in 1960--will meet the United States legal requirement for "substantial progress" and thereby qualify France for broad American aid on nuclear weapons construction. In this expectation, the French Government now seems to prefer to work out its first test of a nuclear weapon unaided, and is increasingly inclined to see eventual advantages for France in the idea of limiting the number of nuclear powers.

Minister of Armed Forces Guillaumat admitted in June that help from the United States would have been welcome five or six years ago, but he stressed that for France to receive aid now "for the first explosions, which can and will be purely French, would be a grave error of policy." A Foreign Ministry spokesman interprets Guillaumat's statement to mean that American aid to the French nuclear weapons program now would jeopardize more extensive aid after the first French tests. Some French officials have hinted that before the French tests are conducted, a definite promise of American aid or perhaps even the establishment of a "work-

ing-level" committee to decide the type and extent of aid to be granted would be more welcome than actual aid in the first tests.

The French argue that the Soviet Union already has the information they would receive from the United States, and that with American aid, France would save money which could then be used to meet its NATO commitments. NATO Secretary General Paul-Henri Spaak had publicly told the Atlantic congress in June it seemed logical that there should be no secrets between allies.

Presumably because of its growing expectations, Paris no longer rejects out of hand a limitation on the size of the "nuclear club" to as few powers as possible. There is evidence that some French officials believe that ultimately the "principle" of limiting the club may work to French benefit. They reason that once France's first weapon is tested without foreign assistance, France would qualify as the fourth nuclear power, and the "principle" would discourage any "fifth power" in the nuclear weapons field.

(Concurred in by OSI)

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SCANDINAVIAN REACTION TO CANCELLATION OF KHRUSHCHEV VISIT

Khrushchev's cancellation of his August visit to Denmark, Norway, and Sweden has occasioned surprise, some embarrassment, and sharp political controversy in Norway and Sweden but no serious alarm regarding relations with the USSR.

The Scandinavian governments in their notes to the Soviet Union regretted the "postponement" of the visits, which they had somewhat reluctantly scheduled in return for the visits of the three Scandinavian premiers to the USSR in 1955 and 1956. However, various officials, particularly members of the foreign ministries, have indicated they are glad to avoid at this time any discussions with Khrushchev which might involve them in Soviet propaganda gestures regarding a "Baltic sea of peace" or a Scandinavian zone free of nuclear weapons and missiles.

Some concern was suggested by the care taken in the notes to express the hope that the traditional good relations between Scandinavia and the USSR

would not be affected. Norway's Prime Minister Gerhardsen in a public statement has severely criticized the opposition parties and the press for irresponsibility and for influencing Norway's relations with the USSR "in a negative manner." In both Norway and Sweden, a vitriolic political controversy has flared up between the Socialist governments and their opposition, with the Socialist press accusing the opposition of playing domestic politics with the visit.

In Finland, which Khrushchev was to have visited on a less formal basis en route back to the USSR, officials and the press appear to have maintained their characteristic reserve in making any comments on the Soviet move. One independent newspaper, however, predicted that Khrushchev's decision indicated a "harder and more restricted Soviet foreign policy toward the Scandinavian countries" and, by implication, Finland.

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BRITISH PARTY CONTROVERSY OVER CENTRAL AFRICAN POLICY

Two weeks of House of Commons debates have pointed up the dilemma London faces in preparing for next year's review of the constitution of the Federation of Rhodesia and Nyasaland. This review was envisaged when the British Government granted virtual self-government to the white-settler-controlled federation in 1953, but pledged not to withdraw its protection from the Africans of Northern Rhodesia and Nyasaland without their consent.

Both British political parties are worried about African developments, but they differ sharply over colonial policy; clashes on this subject have been unusually acute. The Macmillan government is principally anxious that the review be accomplished, in such a way as to bring neither renewed African violence, like that in Nyasaland last winter, nor open thwarting of London by the federation government. The labor party disputes the white minority's insistence on

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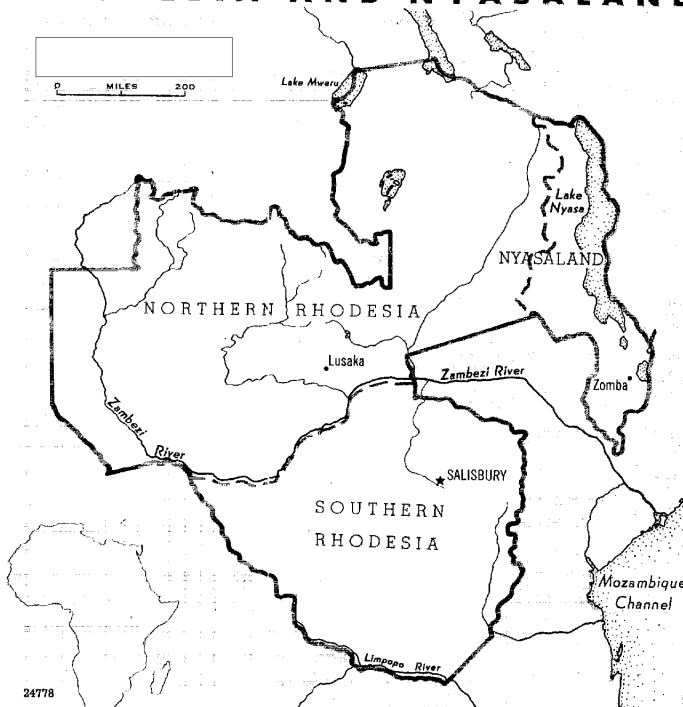
30 July 1959

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perpetuating its control, and makes a special point of demanding that the British Government honor its 1953 pledge.

The Labor party's parliamentary attacks are accentuated by its search for a popular issue for the general elections expected this fall. Although colonial issues do not normally carry much weight with the British electorate, Labor's failure to attract popular support for its economic program or its proposal for disarmament through a "non-nuclear club" makes this issue likely to draw unusually heavy party attention.

The Labor party is encouraged by some independent press support for its demands that Colonial Secretary Lennox-Boyd resign, and will probably continue exploiting the findings of the independent Devlin Commission that the Macmillan government exaggerated an African "massacre plot" to justify invoking a state of emergency in Nyasaland last March. Party leader Gaitskell, in raising far-reaching objections to Prime Minister Macmillan's plan to establish a new 26-member commission drawn from Britain, Central Africa, and the Commonwealth to prepare for

RHODESIA AND NYASALAND

next year's review, has already laid the groundwork for dissociating the Labor party from any commission findings, even if party members participate in the commission's work.

The Laborites' present attacks on the government will greatly hamper the constitutional review if they win the British elections and have to deal with the federation's prime minister, Sir Roy Welensky, with whom they have feuded for years. The attacks may also be expected to strengthen most African leaders in their opposition to any new arrangements consolidating the white minority's control.

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ETHIOPIA GAINS SUPPORT AGAINST SOMALI NATIONALISTS

Emperor Haile Selassie's recent visits to Cairo and Paris, apparently have developed a measure of international

support for Ethiopia's diplomatic efforts against the aspirations of Somali nationalists who seek to deprive

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Ethiopia of about a third of its territory. The boundary between Ethiopia and Somalia, a UN trust territory administered by Italy and scheduled for independence in December 1960, is still undemarcated after eight years of negotiation. Addis Ababa is increasingly concerned over the Greater Somalia movement, which proposes to unite 2,500,000 Somali tribesmen scattered through five territories--Somalia, British and French Somaliland, Kenya, and Ethiopia.

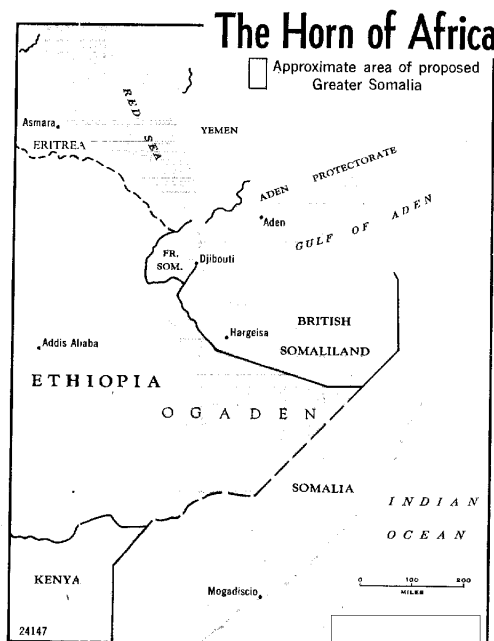
In Cairo, the Ethiopians reportedly obtained President Nasir's promise to change his attitude toward Addis Ababa. In the past, Cairo radio has broadcast anti-Ethiopian propaganda in favor of the Moslems, and Egyptian agents have been active among the Moslems of Somalia and to a lesser extent those of Ethiopia. As a result, relations between Cairo and Addis Ababa have been tense; the Emperor had repeatedly put off a visit to Cairo during recent years.

Nasir now apparently has agreed to end the press attacks, to support Ethiopia at the United Nations on the Somali boundary issue, and to withdraw support from the Greater Somalia movement.

Nasir's reported about-face may stem from a desire for an accommodation with his African neighbors. Addis Ababa, suspicious of his motives, plans to test his sincerity by sending a delegation to Cairo for talks.

French support of Ethiopia, expected because of Paris' fear of Somali nationalism in the important naval base of Djibouti, was reiterated during the Emperor's visit to Paris.

The reports of diplomatic support for Ethiopia from Cairo and other capitals have aroused fears of Somali leaders that Ethiopia now may adopt a more aggressive attitude in eastern Africa. On 17 July, Somali Premier Issa publicly accused Addis Ababa of seeking foreign support



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to threaten Somalia's forthcoming independence. Meanwhile, the Somali nationalist leader of French Somaliland, Mahmoud Harbi, who was forced out of the premiership by Paris late last fall, is reported trying to organize a "Pan-Somali conference" in the hope that it would be able to establish a permanent secretariat.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****30 July 1959****THE MALAYAN ELECTION CAMPAIGN**

The decision of the Malay-Chinese Association (MCA) to remain in Malaya's ruling Alliance party has, at least temporarily, resolved a serious political crisis and improved the Alliance's prospects of winning a substantial majority of the 104 seats at stake in the 19 August general elections. The compromise settlement resulted, however, in the resignation of a number of MCA leaders and a probable decline in Alliance strength in predominantly Chinese districts. The dispute also has almost certainly increased racial tensions, which could reach the breaking point during the current campaign.

Communal issues, principally candidate apportionment and the use of the Chinese language in school examinations, were the basis for the MCA rift with the United Malay National Organization (UMNO), the Malay component of the Alliance. The final apportionment of candidates resulted in 69 UMNO, 31 MCA, and 4 Indian nominees--numbers which reflect roughly the relative strengths of the three Alliance partners.

Opposition candidates include 58 from the Pan-Malayan Islamic party, 19 from the People's Progressive party, 37 from the Socialist Front, 11 from two smaller parties, and 29 independents. All of these opposition parties tend to incite communal discontent in their campaigns, for virtually all their candidates are playing to only one of the two major racial groups, Malays or Chinese.

Recent events in Malaya, including the state assembly elections and the MCA-UMNO squabble, indicate that there is a continuing trend toward voting along strictly racial lines. In the 11 state assembly elections, the vote for the multiracial Alliance totaled approximately 54 percent--a sharp decline from the 80-percent total in the last national election in 1955. This decline in Alliance strength probably will not be fully reflected in the forthcoming elections, however, because of the disunity of the opposition parties and their lack of a nationwide organizational base.

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SOUTH KOREA'S LEADERSHIP PROBLEM

President Rhee may no longer be exercising full control over the operations and decisions of the South Korean Government.

This impression of a growing incapacity to govern has been reinforced by Rhee's stumbling speech before the Asian Peoples' Anti-Communist League in early June, by his failure to appear at some public functions which he formerly attended regularly, and by the inability of all but the most important visitors to see the President. The South Korean

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vice minister of foreign affairs told Ambassador Dowling confidentially on 27 July that Rhee was increasingly forgetful of details.

There is some indication that leadership has been assumed by a triumvirate compris-



RHEE

ing Minister of Home Affairs Choe In-kyu, Minister of Justice Hong Chin-ki, and Minister of Finance Song In-song, and by the "hard" faction of Rhee's Liberal party. The presidential secretariat also appears to exercise considerable influence over governmental decisions by controlling what and whom the President sees. Pak Chan-il, the most

powerful member of the secretariat, is reported to be even more anti-Japanese than Rhee, and he may be encouraging the President in his present negative policies toward Japan.

Recent developments illustrate the ability of Rhee's entourage to isolate the President. Those dependent on Rhee for public office--and consequently financial privilege--have a vested interest in prolonging the illusion of his ability to govern. Given the possibility of Rhee's total incapacity and the lack of a legal basis for removal of an incapacitated president, South Korea could face a protracted period of instability during which public knowledge of his condition would destroy the ability of the government to rule effectively.

The most powerful men under Rhee have recently supported, if not actually instigated, repressive measures against the opposition Democratic party to assure a Liberal party victory in next year's presidential election. The extreme lengths to which these interests are prepared to go to retain power suggest they would strongly resist the orderly constitutional succession to the presidency of Vice President Chang Myon, co-leader of the opposition Democratic party.

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PART III

PATTERNS AND PERSPECTIVES

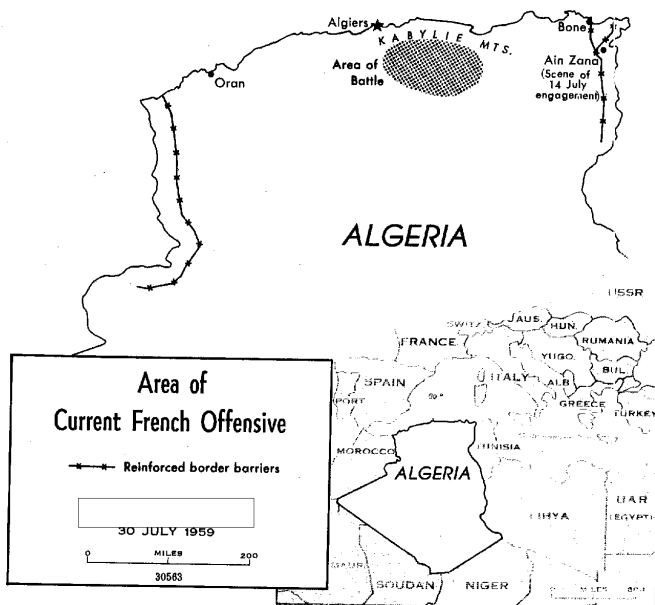
THE WAR IN ALGERIA

The war in Algeria, now in its fifth year, appears to be entering a crucial phase. The French are increasingly hopeful of being able to announce the "pacification" of the rebellion before the UN debate on Algeria this fall; leaders of the rebel Army of National Liberation (ALN) maintain that the start of the rainy season in October will permit them to reorganize and resupply their forces as they have in the past.

long favored negotiating with the French, but De Gaulle has refused to discuss any political issues, only a cease-fire. He has also insisted that talks must be held in Paris rather than in a neutral country as desired by the rebels. The French are unlikely to modify this stand as long as there is a possibility of a military victory.

French Strategy

Under the leadership of air force Gen. Maurice Challe, French forces now are putting more pressure on the rebels than at any time in the war. Concurrently, the French are making strenuous efforts to win the allegiance of the uncommitted Moslems and to keep the rebels from contacting their Moslem supporters. Without offering independence, De Gaulle has sought to convince the Moslems that a French victory will not turn back the clock or return them to the status of second-class citizens.



With the French now conducting an all-out campaign against rebels in mountainous eastern Algeria, the course of the war in the next few months may determine whether the rebellion can be defeated militarily, or whether a settlement can be reached only through negotiations. The moderate Algerian leadership--which recognizes that the rebel army cannot force the French out of Algeria--has

Militarily, Challe's plan emphasizes the aggressive pursuit of rebel forces in the field, the garrisoning of "pacified" areas, and the denying of supplies to the rebels by the patrolling of electrified border barriers. In contrast to past years, when relatively immobile French forces

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often lost the initiative to hit-and-run rebel bands, the Challe plan stresses the engagement and destruction of rebel units, as well as the rounding up of escapees. By making effective use of helicopters and aerial reconnaissance, Challe's "pursuit commandos" have had considerable success in keeping rebel bands from escaping into the hills.

Rebel Problems

To date the rebels have been fairly successful in supplying and maintaining an army which appears to number between 15,000 and 20,000 effectives, down from a 1956 peak of about 40,000. However, the rebels depend for both supplies and reinforcements on staging areas in Morocco and Tunisia, areas which have been increasingly denied them since the spring of 1959 by French border barriers. These barriers, together with some reduction in the support given the rebels by the Moroccan and Tunisian governments, have forced the rebels to depend on supply lines consisting largely of caravans south of the barriers, but even these have been subject to interception.

In addition to supply difficulties, the rebels have had problems of morale and discipline. Since the death in combat of several of the rebels' top field commanders earlier this year, the percentage of prisoners among rebel casualties has risen sharply; prisoners now comprise about a third of total rebel losses.

Prospects

Faced with the increased effectiveness of the Challe plan,

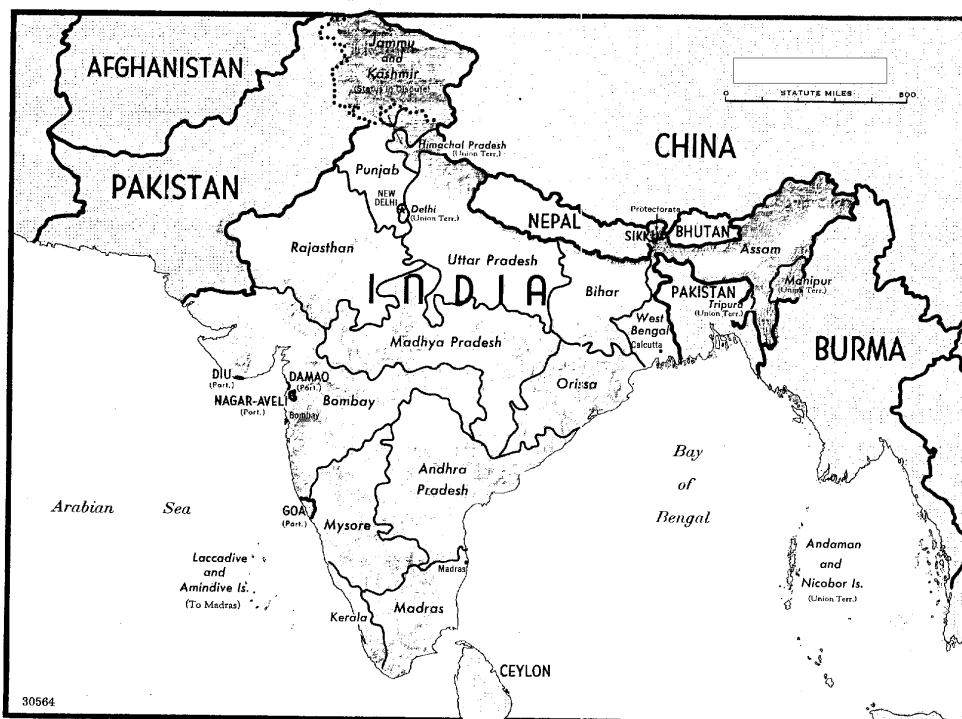
the rebels until recently tended to split into small units to avoid capture and destruction. While this lessened their effectiveness as a fighting force, activity by small groups increased their capability for terrorism and for sabotage of French installations.

Since the 14 July attack in force on Ain Zana near the Tunisian border, however, the rebels may have become convinced that occasional large operations must be launched, if only for propaganda purposes. The rebels also appear to be attempting to provoke incidents between French and Tunisian forces along Tunisia's border in order to enlarge the latter's participation in the war and to direct world attention on Algeria before the UN debate.

Good weather now facilitates French pursuit of rebel bands in the mountains and policing of barriers along the border. The French offensive in the Kabylie mountain area of eastern Algeria appears to be an attempt to end organized rebel resistance prior to the UN debate, and the French may, for diplomatic reasons, announce the defeat of the rebels before the end of the year. Even should the French prove successful in largely eliminating the rebels' field forces, however, terrorism and activity by small groups probably will go on and will continue to require the presence in Algeria of large numbers of French troops.

Long-term French objectives in Algeria--maintaining political hegemony and access to

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The financial problem of finding adequate sums--about \$1.25 billion--to compensate the zamindars also impeded the program. Furthermore, the difficulties of compiling land records and setting up a new revenue collecting service made rapid action impossible. It was not until 1955 that the abolition of the zamindari system was accomplished in West Bengal--the last major state to enforce such legislation.

The rights of the former zamindars, most of whom were permitted to retain their home farms, generally accrued to the states, and the only immediate benefit realized by the tenants was the elimination of the burdensome charges in addition to rentals which the zamindars had customarily imposed. The tenants were usually given the right to become owners, but few could pay the necessary sums, and many came to believe that the reform had been of little

benefit. The program did increase the revenues of the state governments and help establish a closer state-tenant relationship. Much of the new state revenue was used for agricultural development programs which aided the tenants.

Tenancy Reform

The abolition of the zamindari system removed only the uppermost layer of the intermediaries between the state and the tenants. Tenants who held land under the zamindars frequently leased it to subtenants. The same situation developed in non-zamindari lands where some landowners had large holdings. Thus much of the land remained cultivated by tenants, and reforms were necessary to improve the status of the tenant.

The tenancy reforms adopted generally fall into three groups: security of tenure, including the question of the landlord's

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if the government made a major effort to carry out the program.

In contrast to the expansion of cooperatives, the limitation of landholdings would be unlikely to benefit Indian agriculture for some time. If the ceilings on landholdings were low enough to be politically effective in winning peasant support, it would take land away from both the relatively large landowners and the smaller ones who produce much of the food that supplies the cities. Therefore, unless adequate consumer goods were made available in the villages to induce the new owners to work harder and exchange their products for consumer goods, it would become increasingly difficult to supply the cities with food.

Since nearly 300,000,000 persons are now dependent on about 400,000,000 acres of cultivable land, only 1.3 acres per capita or about 6.7 acres per family are available. Thus, even if the ceiling for landholdings were as low as 25

numerous administrative and financial problems involved could be solved, even if the political opposition could be overcome.

Nehru apparently believes, however, that such a program would increase crop yields. He probably also feels it would help the Congress party politically by demonstrating its continued ability to think and act dynamically. He may hope the program--in addition to

INDIA: CULTIVATED LAND PER CAPITA

	POPULATION DEPENDENT ON AGRICULTURE (MILLIONS)	CULTIVATED AREA (MILLION ACRES)	CULTIVATED LAND PER CAPITA (ACRES)	CULTIVATED LAND PER FAMILY (ACRES)
North India	47	48	1.01	4.8
East India	68	86	1.25	6.3
South India	49	57	1.17	5.7
West India	24	54	2.29	11.7
Central India	38	99	2.57	11.9
Northwest India	23	59	2.59	13.1
(1951 DATA)	249	403	1.61	7.9

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being the Indian answer to Communist China's communes--would undercut the appeal of the Communist party in India in rural areas, just as the Congress party's adoption in 1955 of the policy of promoting a "socialist pattern of society" undercut the appeal of the leftist opposition parties.

To date the program--except for the expansion of service cooperatives--has already aroused considerable political opposition from a large section of the Indian public, including many members of the Congress party. Despite Nehru's assurance that joint farming would be instituted on a voluntary basis, many feel such a move would be a step toward totalitarianism, and a new conservative party--the Swatantra--has been formed chiefly to oppose the new agricultural program.

Many observers, including high Indian officials, believe the joint farming program will never be implemented. It has already cost the Congress party support among both large and medium landowners, without yet winning it additional support from the peasants, who remain unaware or skeptical of the benefits they would receive.

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INDIA: DISTRIBUTION OF OWNED AREAS

SIZE OF AREA (ACRES)	PERCENTAGE OF HOUSEHOLDS OWNING PLOTS THIS SIZE	PERCENTAGE OF OWNED LAND MADE UP OF PLOTS THIS SIZE
0	22	0
0 - 1	25	1
1 - 2.5	14	5
2.5 - 5	14	10
5 - 7.5	8	10
7.5 - 10	5	9
10 - 15	5	13
15 - 20	3	10
20 - 25	1	5
25 - 30	1	8
30 - 50	1	13
OVER 50	1	16
(1956 DATA)	100	100

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acres, the amount of land available for redistribution would provide only about three acres per family for those families--about half of the total--which now have less than three acres of land.

Even less realistic is the plan to set up joint farms, which appears to have been adopted without much thought as to how the scheme would work in practice. Few joint farming societies now in existence in India have been successful, and it seems unlikely that the

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THE EAST GERMAN REFUGEE

The continued flight of several hundred refugees from East Germany each day, following the more than 3,000,000 who have fled to the West since World War II, indicates that 14 years of Communist rule have failed to inculcate a universal belief in Communist ideology or satisfaction in Communist achievements. Discontent and a hope for a better life lead the refugee to take serious risks, leave his possessions, and seek an uncertain future in West Germany. Some become disillusioned and return to East Germany to face possible imprisonment.

Who Is the Refugee?

Most of the refugees are workmen, housewives, or clerks, but nearly every occupation has been represented, including police and the military. Most refugees have been adults aged 25 to 66 and children from 7 to 14 years old.

The most significant refugee today--because East Germany can ill afford to spare him--is the professional man, a doctor or teacher from a university or lower school. Because great numbers in this category have fled, the East German regime is suffering serious manpower shortages, especially in the medical field, but also in the dental, pharmaceutical, engineering, and technical fields.

Motivation

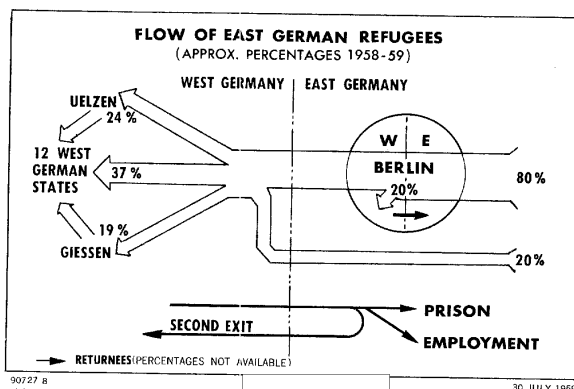
In general, the refugee flees because of personal grievances against the Communist system. He may be a farmer unable to meet impossibly high delivery quotas. He may be a small businessman faced with nationalization of his shop, or a worker fleeing constantly increasing work norms. The refugee might be a

youth escaping military service or the girl friend who follows him. He may be an intellectual subjected to increasing pressures to compromise his professional standards, or a Christian escaping the increasing atheistic pressures. He may simply have responded to the strong attraction of a prosperous West Germany.

In the case of the refugee intellectual, there is often no single clear-cut motivation. A new development or changed circumstance probably provides the immediate stimulus to flight. He may receive a summons to appear before a party or government functionary to explain some previous statement or action. Recent moves to Communize educational institutions in line with the regime's "polytechnical education" program may depress him. He may be physically or mentally exhausted by overwork or psychological harassment. A party member with limited professional qualifications may be promoted over him. Probably more important than any other reason is the regime's deliberate and systematic discrimination against his children in education.

Escape Procedure

The refugee can travel freely anywhere in East Germany except in the restricted zones on the western border, but he

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Security forces, has a criminal record, or is otherwise under suspicion, he will not obtain an exit permit.

Without an exit permit, the refugee's next best course

If he is rejected for security reasons or for a criminal record--which does not happen often--he has numerous opportunities to appeal his case.

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To be eligible for screening through the emergency admission procedure provided by West German law, the refugee has to leave East Germany permanently and stay in the Federal Republic or West Berlin. He is accepted as a "recognized" refugee if : a) his life was endangered because he engaged in political activities in East Germany; b) he wants to be reunited with his family; or c) he can prove there is a job for him in the West so he will not become a public burden.

If he does not meet these requirements, he is a "nonrecognized" refugee who may remain in the West but will not get the assistance given recognized refugees. However, the refugee authorities might grant him recognized status, if its denial would mean an extraordinary hardship to him.

The recognized refugee is usually flown to West Germany, at no expense to himself, and treated like any other German citizen. He is given a residence permit, permission to work, or possibly a pension, annuity, or social relief. He may also stay in West Berlin, which takes 10 percent of the recognized refugees as its quota.

The nonrecognized escapee is merely given refuge under the provisions of the West German public welfare laws which guarantee a minimum subsistence to each person in need. He is given food and lodging, medical service, and, if urgently necessary, clothing or other items; if he is accommodated in a camp, he gets some spending money. Under no circum-

stances is he compelled to return to East Germany.

While at Marienfelde, the refugee is interrogated by the three Western powers and by West Berlin authorities for security and intelligence information.

Refugees in Berlin

In addition to its 10-percent quota of recognized refugees, West Berlin is also responsible for all nonrecognized refugees. Furthermore, any refugee who elects to remain in Berlin may do so, regardless of his status.

The nonrecognized refugee is a serious burden on Berlin. Privileges accorded to recognized refugees but denied to him include the right to vote, permission to hold a job, assistance in finding housing,



Reception center in Berlin.

and free transportation by air for resettling in West Germany. The nonrecognized refugee therefore must decide whether to return to the East, go to West Germany on his own responsibility and expense, or remain in West Berlin. He may return to East Germany; it is less likely that he will try to go on to West Germany.

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If the nonrecognized refugee chooses to remain in West Berlin, he is permitted to live and eat without charge in permanent camps and to receive one dollar per month. Legally he cannot hold a job, but the labor market has been invaded by nonrecognized refugees on an unofficial basis. Since he cannot apply through the labor office for a job, he works below the legal minimum rate. The effect is not as great as might be expected, however, because many such workers hold jobs in small plants which survive only because they can secure help at lower than the legal minimum. Many of the nonrecognized refugee workers are domestic servants employed by people who would dispense with this luxury if required to pay the legal rate.

The refugee, whether he remains in Berlin permanently or temporarily, is probably housed in a camp. He may go for two or three weeks to a transit camp where persons live during the screening process. His camp may be a former factory, hastily improvised as an emergency shelter. Or the refugee may go to a permanent camp, a smaller installation holding from 70 to 800 people, with somewhat primitive conditions.

The refugee may live with relatives or friends, or, if lucky, be placed in an apartment. Life in a camp inevitably causes lower morale, so the government is attempting to settle families in apartment buildings.

Refugees in West Germany

To cut down the processing in Berlin, the refugee may be flown to a camp in Giessen or Uelzen in West Germany where he completes his processing and is assigned a permanent location. He may also be flown to a camp in whichever West German state has accepted him under a quota system.

Since West German law applies to East German citizens

who come to Berlin or the Federal Republic, the refugee may go directly to friends or relatives without registering in a camp. He thus avoids the long stay in various camps and possible assignment to undesirable locations and employment. He may fly from Berlin to West Germany at his own expense; he might at a later date report to Giessen or Uelzen and be recorded there.

The principal problems for the refugee in West Germany are housing and employment, for which the state governments are responsible, but with help from the federal authorities.

In general, the refugee will have little difficulty being resettled in West Germany, although in some states he will find housing inadequate and might have to remain in a camp for as long as two years or wait in Berlin to be flown to West Germany.

The refugee will have little trouble finding a job in West Germany--on 30 June job openings there exceeded the number of unemployed persons. He may, however, have difficulty in finding a job commensurate with his training or previous experience, and become discontented. Moreover, he may expect to improve his lot in West Germany without having a skill or training to offer. Private organizations, particularly professional groups, will assist the government in placing him in his profession if he is qualified.

The Returnee

Sometimes the refugee decides to go back to East Germany. The reasons for such decisions are many and complex, but generally they add up to dissatisfaction with conditions in the West or some compelling personal condition.

The returnee may fall into the large group of adventurers who move back and forth across the border. Possibly he committed a criminal offense in

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THE BLOC'S FOREIGN MILITARY AID PROGRAM

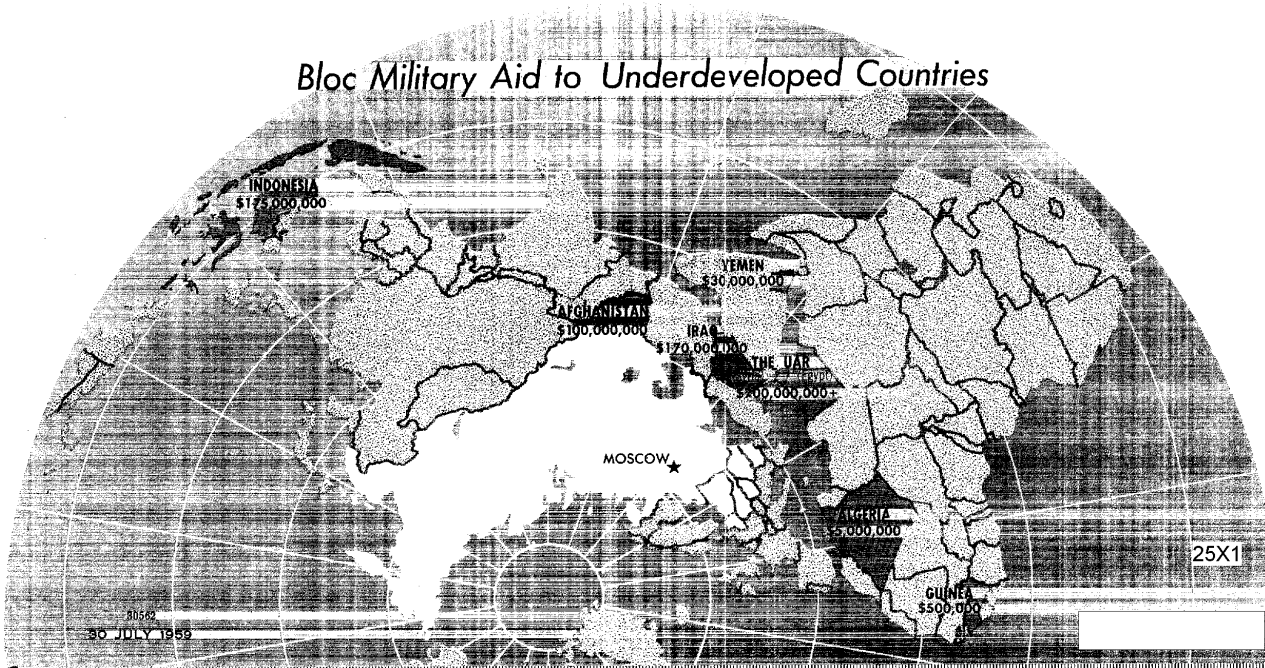
The Sino-Soviet bloc, since the start of its arms aid program in 1955, has extended more than one billion dollars in military assistance to underdeveloped countries, particularly the UAR, Iraq, Afghanistan, and Indonesia. In addition, it has provided arms and materiel to Yemen, Algeria, Guinea, Finland, and Austria, and reportedly agreed recently to supply arms to Ethiopia. Offers have also been made to provide arms to a number of other countries, including Tunisia, Burma, and some of the Latin American republics.

Military assistance to underdeveloped countries--a major factor in the bloc's penetration drive--is relatively easy to implement and is of substantial propaganda value to the contributors. Arms aid accounts for about one third of Sino-Soviet bloc aid of all types extended to underdeveloped countries but comprises

more than one half of all aid actually delivered.

The bloc has been able through its arms deals to contribute to its posture as a big-power supporter of nationalism in the neutralist countries, thus assisting local Communists to attain political influence. Playing on the underdeveloped country's desire for manifestations of independence, the bloc supplies it with symbols of national defense, regardless of the country's ability to fully use the arms. The recipients of this aid become increasingly dependent on the bloc for the continued maintenance of their armed forces, and Moscow hopes they eventually will become more susceptible to bloc political pressures.

Meanwhile, the bloc, ostensibly remaining aloof from internal problems, can pose as the recipient country's best friend and staunchest supporter

Bloc Military Aid to Underdeveloped Countries**SECRET**

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of its nationalistic struggle with "the imperialistic and capitalistic West."

In negotiating its arms deals, the bloc has displayed a willingness to grant huge discounts--in some instances as much as two thirds of quoted prices. In addition, the bloc accepts partial, if not complete, repayment in surplus commodities rather than demanding full payment in hard currencies.

The export of arms is for the bloc a relatively inexpensive means of penetration. The continual re-equipping of the bloc's own armed forces with new models of weapons results in a sizable stockpile of obsolescent items.

While Czechoslovakia and Poland have in the past "fronted" for Moscow, the USSR has in the last year come to deal more directly with the countries receiving bloc arms. It supplies by far the greatest amounts of arms, accounting for more than two thirds of all the bloc arms delivered to the UAR, Iraq, Afghanistan, and Indonesia.

Communist China now participates in the bloc's arms aid program and its role probably will increase, particularly in Southeast Asia and in Algeria, where lack of diplomatic ties obviates repercussions in relations with France. Although China's arms aid to Algeria and Indonesia has been limited, Peiping probably will attempt to increase its stature in Southeast Asia by offering additional aid to Djakarta.

Technical Aid and Training

In conjunction with the arms deals, the bloc also provides technical assistance to the countries receiving arms. Bloc personnel, mainly Soviet nationals, are sent to conduct courses in the use and maintenance of the weapons and equipment supplied. Soviet of-

ficers have been detailed to the armed forces of these nations to provide instruction on military tactics as well as to advise at the senior military level. During the first six months of 1959, there were approximately 1,500 bloc military technicians and advisers serving in recipient countries--mainly in the UAR, Iraq, Afghanistan, and Indonesia.

Since 1955 more than 2,500 nationals from countries that have concluded arms agreements with the bloc have taken military training in the bloc. Courses of instruction have included many phases of ground, naval, and air training and were undertaken primarily in

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TECHNICAL ASSISTANCE UNDER BLOC MILITARY AID PROGRAM

BLOC MILITARY SPECIALISTS IN UNDERDEVELOPED COUNTRIES (1 JANUARY - JUNE 1959)				
	USSR	CZECHO.	POLAND	TOTAL
UAR	680	225	10	915
IRAQ	150	—	—	150
AFGHANISTAN	150	—	—	150
INDONESIA	100	30	20	150
YEMEN	60	15	—	75
GUINEA	—	5	—	5
	1,140	275	30	1,445

MILITARY PERSONNEL FROM UNDERDEVELOPED COUNTRIES TRAINED IN THE BLOC (1955 - JUNE 1959)

	USSR	POLAND	CZECHO.	OTHER EUROPEAN SATELL.	TOTAL
UAR	740	525	335	50	1,650
IRAQ	90	—	45	—	135
AFGHANISTAN	50	—	—	—	50
INDONESIAN	—	500	150	—	650
	880	1,025	530	50	2,485

the USSR, Poland, and Czechoslovakia.

The Soviet Union has provided most of the training in land armaments but has also given flight training courses. In addition, staff and line officers through the rank of general are being trained in the USSR for command assignments in their respective armies. Poland has provided facilities for most of the naval training that the bloc has offered, and Czechoslovakia has been the major center for flight training.

The increased contact between bloc military personnel

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and members of the armed forces of these underdeveloped countries provides opportunities for ideological indoctrination, especially when such contact takes place inside the bloc. Since the military groups in these underdeveloped countries have been traditional sources of authority, the effect of bloc training on future military leaders may be expected to influence their political orientation. Bloc personnel both at home and abroad, however, appear to have conducted themselves in such a way as to avoid criticism. The increased contacts with the military personnel of the recipient countries has not yet resulted in any obvious subversive attempts by bloc personnel.

The UAR

Since 1955 the bloc has provided Egypt and Syria, now the UAR, with arms, equipment, and training amounting to an estimated \$700,000,000. The bloc presumably will continue to supply arms and materiel to the UAR

Since the formation of the UAR in 1958, Cairo has regulated the purchases of bloc arms for both regions, dealing almost exclusively with the Soviet Union. Moscow in turn has increasingly dominated the bloc's military assistance program in the UAR during recent years.

Despite the frictions caused by Nasir's anti-Communist campaign in the Middle East,

the bloc has continued to provide military aid to the UAR. The technical assistance phase of the bloc military aid program in the UAR has continued unhampered and appears even to have increased. Moscow apparently intends to continue to depend on its economic and particularly its military aid programs in the UAR to maintain the close ties which had been shaken by the exchange of recriminations between Moscow and Cairo earlier this year.

Iraq

Iraq, the latest major recipient of bloc military assistance, concluded an arms deal with Moscow in late 1958

The bloc, thus far, is estimated to have supplied Iraq with as much as \$100,000,000 in arms and materiel since deliveries of military equipment began late last year. Additional shipments of materiel probably will continue to be delivered to Iraq throughout the remainder of 1959.

Moscow, in its dealings with Iraq, has demonstrated the value the bloc leaders attach to their overseas arms aid program. While the Soviet Union and other members of the bloc were in the process of granting recognition to the new Iraqi regime and also concluding trade agreements with it, Moscow in November 1958 quickly arranged to provide arms to the Iraqi armed forces. Bloc arms and materiel began arriving immediately and military technicians and advisers were dispatched to Iraq. It was not until March of this year that Moscow was able to extend a meaningful economic credit to Baghdad. While the

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USSR is still in the survey stages of its economic aid program, bloc arms in large quantities are continually arriving in Iraq.

Afghanistan

The bloc, particularly the Soviet Union, has since 1956 supplied Afghanistan with an estimated \$75,000,000 in military assistance. In addition the Soviet Union concluded a new arms agreement with Kabul in June of this year. While the scope of this agreement is not yet apparent, Moscow presumably will continue to grant substantial discounts to Kabul on its arms purchases. This arrangement probably will permit Afghanistan to make mere token payments for the bloc military aid it is receiving while modernizing its armed forces.

Other Recipients

The bloc has provided Yemen with more than \$30,000,000 in military aid under an agreement concluded in 1956 with Czechoslovakia, but probably financed by Moscow. By early 1958, practically all the arms and equipment arranged for under this deal had been delivered.

The bloc made gift shipments of obsolete arms to Guinea earlier this year. The value of these arms--estimated at \$500,000--is insignificant in comparison with their psychological impact.

The Algerian rebel government, earlier this year, was granted an estimated \$5,000,000 in military aid by Communist China. Peiping's grant was made in response to a visit to Communist China by a rebel mission. A subsequent rebel mission visited China this spring, reportedly to make arms purchases under Peiping's grant. China presumably will deliver the arms to Algeria via Egypt.

(Prepared by ORR)

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